



homeWORD is committed to providing safe, healthy affordable housing using sustainable methods and promoting strong communities through housing counseling and education for those most in need.

homeWORD is a Statewide organization with offices in Missoula and Billings and offers development support to rural communities that are seeking capacity to build and manage affordable housing for their own communities.

homeWORD is known for two things:

- Developing beautiful, affordable housing that uses green building to promote energy and resource efficiency and a healthy environment for our residents.
- Providing high quality education and counseling for adults to foster better financial awareness and knowledge, recognize the important steps that need to be taken before deciding on homeownership, and preparing folks to become successful, educated homeowners.



The affordability picture

In Missoula the housing boom has cooled off; but home prices are still out of the reach for many. The generally accepted definition of affordability is a household pays no more than 30% of annual income on housing costs. The Montana Housing Coordinating Team's 'White Paper Summary' (updated March 2009) says data from the National Low Income Coalition's "Out of Reach" report for 2008 estimates that rental costs have increased about 7% statewide since 2006. As a statewide

average in 2008, more than 90% of the median renter's income was needed to pay for the median-priced two bedroom unit, three times the affordable amount.

The homeownership rate in Missoula is only about 50% compared to the national average of 69% (City of Missoula 2006 *Impediments to Affordable Housing Report*). Also reported in the same report, 52% of renters are cost-burdened (paying more than 30% of income towards rent and utilities) compared with 39% nationally. Missoula has traditionally been a community with very low vacancy rates hovering around 1 – 2% where normally 5% is considered a healthy vacancy rate. Low wage earners or those on fixed incomes must compete with University of Montana students for housing as well as the general public.

The lack of available affordable units paired with the decrease in housing construction in 2008, which has continued into the first half of 2009, has put those most in need in at further risk of stabilization. The 2009 Missoula Housing Report states "unsurprisingly, building permits issued



by the City of Missoula in 2008 registered a low for the decade for both single-family, duplex construction and for all types of construction.”

In Missoula, the 2008 median income for a family of four (4) was \$55,400 and with that income that household could afford a mortgage of \$165,000 and the median home price for year ending Dec 31, 2007 was \$219,550 = **\$55,550 GAP!**

According to 2009 Missoula Housing Report coordinated through the Missoula Organization of Realtors, “median price of the homes sold in 2008 dropped by just over 2% from just under \$220,000 in 2007 to \$215,000 last year.” Report goes on to say “this is the first year-to-year decline in this decade, and a stark contrast to the healthy 6% to 9% increases registered in most previous years of the 2000s.” Missoula, and most of Montana, enjoys a healthy housing climate but that equates to housing affordability still being out of reach for many residents. This is a double edged sword; Montana is fortunate to have housing values stable verses the averages from the rest of the United States.

According to National Association of Realtors the national median existing home price for all housing types was \$181,300 in November 2008, *down* 13.2 percent from November 2007 when the median was \$208,800.

The Montana Housing Coordinating Team’s ‘White Paper Summary’ projected what kind of decrease in the 2006 median home price would have to be to become affordable to the median income household and in Missoula County that number is 37%. Yellowstone County is 11% (state average 23%). Summary Paper states “to summarize, if housing prices fell by 10%, there would still be 23 counties in which the median income household could not afford the median priced home. Even if housing prices fell by 25%, the median income household could not afford the median priced home in 17 Montana counties.”

The Missoula Public Housing Authority shows the year-end waiting list for public housing and section 8 vouchers is 1,410 families.

Waiting lists for homeWORD’s affordable rentals in Missoula is 330 which includes 58 on a waiting list for a property that is still under construction and will lease up starting summer 2009.

Local Solutions need State help

Housing providers across Montana are doing the best they can to serve the vast amount of needs but need help from local municipalities and the State to contribute financially.

In November 2008, the Missoula City Council passed an ordinance to create a Community Housing Policy which directs staff to develop implementation strategies to achieve affordable housing for the vast majority of Missoula residents. The text of that ordinance states “Missoula faces significant shortage of housing options for those earning less than 120% Area Median Income (\$66,480) and “generating policies to overcome such inadequacy is an urgent community need that should be given high priority.”



Understanding the need to increase affordable housing options to Missoula's workforce, the Community Housing Policy will target incomes 0-125% AMI and is targeted to develop housing to accommodate 75% of the workforce within the city limits.

While this is the first step in the right direction to start creating solutions, funding these efforts becomes the greatest hurdle yet unsolved.

At homeWORD, we value both homeownership and rental housing as important building blocks for our communities. Our affordable rental housing meets the needs of people who live on a fixed income, work in service or in other low wage sectors, and earn between \$6.55 per hour and \$10 per hour. These are our beginning teachers, health care aids, retail employees, and many others that provide services necessary for our communities to thrive. Our housing gives people the dignity and ability to work, raise their children, and still afford to manage other basic needs such as clothing and food. We believe that decent housing for everyone is a right, not a privilege.

homeWORD's clients are diverse. We serve singles, elderly, individuals with disabilities, singles & couples with children, domestic violence survivors, veterans, formerly homeless people.... and include women and men of all ages and race. We serve low and moderate income households and on average 65% of households include single women with children.

For example a resident named Maria is a bank teller and makes the average wage in Missoula of \$10.10 per hour according to the Department of Labor and Industry. She works full time, is a single mom and has two children, a boy age 12 and girl age 8. Her gross annual wage is \$21,008 which is below 50% of the Area Median Income.

Gross monthly wages: \$1,750

Rent 3 bedroom market rate: \$800

Utilities: \$150

Car payment/insurance: \$300

Food/household supplies: \$350

TOTAL = \$1,600

As you can see the total costs for basic needs is \$1,600 and her GROSS monthly salary (before tax) is \$1,750. This leaves no room for emergencies or purchases such as school clothes for her kids. This assumes at her income level and family composition the household receives healthcare and child care assistance as well as food stamps.

We also hold monthly classes that educate the consumer on the process to becoming a homeowner. We believe that before making one of the most important decisions in your life, each person should weigh the pros and cons, and learn from experts in their community how to protect their investment. We help link people to income-based down payment assistance and financing programs. We also offer foreclosure prevention counseling for homeowners at risk of



losing their home. Knowledge is power and our classes and counseling are the first step to making the right decision.

homeWORD is general manager of 114 rental units of Low-Income Housing serving over 300 people per year. 35 additional units are coming on line in 2009 that will equal 149 total units owned and managed by homeWORD.

Serving over 4500 people to date, homeWORD has offered comprehensive homebuyer workshops since 1998. Over 1000 people have purchased a home after taking our class.

homeWORD has also developed a successful Financial Fitness Program in Missoula, currently serving over 100 people a year (a total of 350). 75% of participants in Financial Fitness are women.

And since 1997 we have worked with over 330 households to help them avoid foreclosure through our foreclosure prevention counseling. This service brings resolution to an often tense situation and keeps families in their homes. Currently, homeWORD is working with 16 household in foreclosure prevention; serving the Missoula surrounding community and all of the way down to Darby. This rise in foreclosure counseling is expectant to continue to grow.

Montana and its communities face high costs of development with aging infrastructure, cost of materials and labor and increasingly high costs of land.

Montana is one of a few States in the Union that does not have a Housing Trust Fund or other specific State funded resource and with a low population relative to the rest of the country has a fairly low tax base resulting in a lack of resources.

Several communities around the State, such as Seeley Lake, Lewistown, Livingston, Anaconda, Hot Springs and Bozeman, have reached out to homeWORD, a non-profit development organization with high capacity, to assist them in developing housing that meets each community's goals but without adequate funding we provide the help they are looking for.

